

Message Text

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ORIGIN OPIC-06

INFO OCT-01 AF-08 ISO-00 EB-07 AID-05 COME-00 TRSE-00 /027 R

DRAFTED BY OPIC/GC:MAWISS
APPROVED BY EB/IFD/OIA: RJSMITH
EB/IFD/OIA: DHSTEBBING
AF/E:PSMITH (INFO)

-----201912Z 111224 /43

R 192317Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY LUSAKA

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E.O. 11652: N/A

TAGS: EINV

SUBJECT: REMITTANCE OF INVESTMENT EARNINGS - GOVERN-
---- MENT STOCKS

1. PHELPS DODGE SVENSKA METALLVERKEN INTERNATIONAL CORPORATION ("PHELPS DODGE") WHICH HAS OPIC INCONVERTIBILITY COVERAGE FOR ITS EQUITY INVESTMENT IN METAL FABRICATORS OF ZAMBIA, LTD., ;AS RECENTLY RAISED QUESTIONS WITH OPIC CONCERNING THE NEW GOVERNMENT OF ZAMBIA SYSTEM OF SALES OF GOVERNMENT STOCKS TO INVESTORS WITH UNREMITTABLE PROFITS. OPIC REQUESTS INFORMATION ABOUT THIS SYSTEM TO DETERMINE ITS RELATION TO OPIC INCONVERTIBILITY COVERAGE AND POSSIBLE USES IN CONNECTION WITH A CLAIM SETTLEMENT.
2. PHELPS DODGE HAS BEEN ADVISED BY BARCLAYS, THROUGH THEIR BANK IN LUANSHYA, THAT THE BANK OF ZAMBIA WILL CONSIDER FAVORABLY REQUESTS FOR INVESTMENTS OF UNREMITTABLE

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PROFITS OR DIVIDENDS IN GOVERNMENT STOCKS WITH A MATURITY DATE OF NOT LESS THAN TWO YEARS, WHICH WOULD, ON MATURITY, BECOME REMITTABLE ABROAD. APPLICATIONS FOR SUCH INVESTMENTS ARE ACCEPTED ONLY AFTER PAYMENT OF ANY APPLICABLE WITHHOLDING TAX.

3. OPIC WOULD LIKE TO KNOW: (A) WHETHER THIS SYSTEM ALSO

APPLIES TO DIVIDENDS FOR WHICH THE BANK OF ZAMBIA HAS GIVEN AUTHORIZATION FOR REMITTANCE BUT FOR WHICH THE REQUIRED FOREIGN EXCHANGE IS NOT PRESENTLY AVAILABLE FOR REMITTANCE, NECESSITATING THE INVESTOR TO "QUEUE" UP WITH THE BANK OF ZAMBIA; (B) WHETHER THE STOCKS ARE DENOMINATED IN DOLLARS OR KWACHAS, AND HOW THE EXCHANGE RATE IS SET; (C) AT WHAT POINT THE INVESTOR IS PERMITTED TO BUY THESE GOVERNMENT STOCKS (I.E., PRIOR TO DECLARATION OF A DIVIDEND, IMMEDIATELY AFTER SUCH DECLARATION, AT THE TIME AN APPLICATION CAN BE MADE TO THE BANK OF ZAMBIA FOR REMITTANCE ABROAD, AFTER APPROVAL OR DENIAL OF A REQUEST FOR REMITTANCE); (D) THE INTEREST RATE ON THESE GOVERNMENT STOCKS; (E) THE EMBASSY'S ASSESSMENT OF LIKELIHOOD GOVERNMENT WILL MAKE PAYMENT IN DOLLARS ON THE STOCKS UPON MATURITY; (F) WHETHER OPIC WOULD BE ENTITLED TO HOLD THESE STOCKS; AND (G) IF THE EMBASSY IS AWARE OF ANY SECONDARY MARKET FOR THE STOCKS.

4. OPIC WOULD ALSO LIKE TO KNOW THE APPROXIMATE MONTHLY AMOUNT OF U.S. GOVERNMENT EXPENSES IN LOCAL CURRENCY IN ZAMBIA AT THIS TIME SINCE OPIC MAY WISH TO SELL KWACHAS TO THE EMBASSY IF A CLAIM IS PAID AND LOCAL CURRENCY ACQUIRED.

5. OPIC NOTES THAT PHELPS DODGE DOES NOT WISH THE GOZ TO KNOW THAT PHELPS DODGE IS CONSIDERING THE FILING OF A CLAIM WITH OPIC.
KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CLAIMS, INVESTMENT RETURNS, STOCKS (SECURITIES)
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE013024
Document Source: CORE
Document Unique ID: 00
Drafter: MAWISS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770021-1189
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770135/aaaabeyv.tel
Line Count: 89
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: cb0108d4-c288-dd11-92da-001cc4696bcc
Office: ORIGIN OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3554674
Secure: OPEN
Status: NATIVE
Subject: REMITTANCE OF INVESTMENT EARNINGS - GOVERN- ---- MENT STOCKS
TAGS: EINV, ZA, OPIC
To: LUSAKA
Type: TE
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Review Markings:
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